

ARIZONA HOUSE OF REPRESENTATIVES  
Forty-eighth Legislature - Second Regular Session

**MAJORITY CAUCUS CALENDAR**

April 9, 2008

Bill Number	Short Title	Committee	Date	Action
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**Committee on Appropriations**

**Analyst: Mike Huckins      Assistant Analyst: Barbara Croft      Intern: Robert Brandon**

SB 1096	bake sales; regulation; exemption (S/E: supplemental appropriation; English language learners)			
SPONSOR:	BURNS	APPROP		

**Committee on Public Institutions and Retirement**

**Analyst: Magdalena Jorquez**

SB 1151	marriage; dissolution; community property (PIR S/E: PSPRS; investments; management)			
SPONSOR:	GRAY L	HS	3/27	DP (7-0-0-3-0)
		PIR	4/7	DPA/SE (7-0-0-3-0)

**BLUE SHEET #2** (concur/refuse)



# HOUSE OF REPRESENTATIVES

SB 1151

marriage; dissolution; community property

Sponsor: Senator Gray L

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**DP** Committee on Committee on Human Services

**DPA**

**S/E** Committee on Public Institutions and Retirement

**X** Caucus and COW

House Engrossed

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SB 1151 affirms the status of community property after a petition of dissolution of marriage, legal separation or annulment has been filed.

## *Summary of the proposed strike-everything amendment to SB1151*

**The Strike-Everything Amendment to SB 1151 adopted in the Committee on Public Institutions and Retirement authorizes the Fund Manager of the Public Safety Personnel Retirement System (PSPRS) to retain professional outside money managers to make certain investments and allows them to commingle the assets of the three systems that it administers.**

### **History of Strike-Everything Amendment**

Established in 1968, the Public Safety Personnel Retirement System (PSPRS) is responsible for managing the statewide retirement programs for state, county, and municipal personnel. Initially charged with managing solely its own plan, PSPRS now administers two additional retirement plans consisting of the Corrections Officers Retirement Plan (CORP), and the Elected Officials Retirement Plan (EORP). Governed by statute, the plans are managed separately by a five-member board of trustees who are statutorily charged "...to invest and reinvest, alter and change monies accumulated under the system." Pursuant to this authority, the plans are required to make three separate purchases or sales of each desired security, and as a consequence, incur thrice the expense. In the 2007 fiscal year, the trustees managed approximately \$8.8 billion in combined assets for all three plans.

### **Provisions of Strike-Everything Amendment**

- Permits the Fund Manager to commingle all three funds that it administers subject to the crediting of receipts and earning and payments to employers.
- Authorizes the Fund Manager to delegate its investment authority to outside investment managers.
- Provides that such decision making does not constitute improper delegation of the Fund Manager's authority.
- Raises the cap placed on the percentage of corporate stock that the system may invest from 70% to 80%.
- Exempts limited liability companies from the prohibition that the system own no more than 5% of voting stock.

## **SB 1151**

- Raises the percentage of foreign securities that the system may own from 10% to 20%.
- Broadens the types of investments that the Fund Manager may invest to include venture capital and private equity.
- Allows the Fund Manager to appoint an investment manager to manage the plans' securities.
- Establishes the following qualifications for investment managers:
  - Highest professional and fiduciary recommendations;
  - At least three years of experience at handling institutional investments of at least \$250 million.
- States that banks acting as outside investment managers do not have a conflict of interest if they also hold plan assets on deposit.
- Establishes a one-year term for investment manager
- Permits the fund manager to appoint investment manager to annual terms.
- Authorizes the fund manager to remove the investment manager.
- Authorizes the investment manager to purchase and sell securities and investments held by the system or plans.
- States that the investment manager is responsible for all investment decisions relating to the investments the fund manager has assigned to it, subject to any restrictions placed by the fund manager.
- Prohibits outside investment manager from:
  - having any interest in the funds, except for the fees it collects;
  - borrowing monies or funds from the plan;
  - acting as an endorser or surety for plan obligations.
- Authorizes the plan in-house staff to manage up to 50% of the plans' assets.
- Authorizes the plans to enter into contracts which may be interpreted and enforced under the laws of states other than Arizona.
- Provides for emergency enactment.
- Makes technical and conforming changes.

### **Amendments**

#### **Committee on Public Institutions and Retirement**

- The strike-everything amendment was adopted.



# HOUSE OF REPRESENTATIVES

SB 1096

~~bake sales; regulation; exemption~~

NOW: food preparation regulations; exemptions

Sponsor: Senator Burns

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X Committee on Appropriations

Caucus and COW

House Engrossed

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SB 1096 makes changes to the Department of Health Services (DHS) food regulations pertaining to bake sales and commercially prepackaged foods. **There is a proposed strike-everything amendment for this bill that appropriates \$40,653,833.30 to the Arizona Structured English Immersion (SEI) Fund for English Language Learner (ELL) instruction.**

**History of the proposed strike-everything**

In 1992, parents of children in the Nogales Unified School District filed a lawsuit against the State, *Flores v. State of Arizona*, alleging that Arizona failed to adequately fund language and academic instructional programs for at-risk students. The plaintiffs argued that the State was violating the civil rights of ELL students, and thus violating the federal Equal Educational Opportunities Act (EEOA), by not providing sufficient funding to such programs. In January 2000, the United States District Court ruled in favor of the plaintiffs stating Arizona's ELL programs were in violation of the EEOA.

In August 2000, the parties entered into a consent decree that met the Court's concern regarding program adequacy and non-resource issues, but did not address the question of adequate funding. In October 2000, the U.S. District judge ordered the State to conduct a cost study to determine the amount of funding needed to effectively implement programs for English learners.

Concurrently, in November 2000, the voters approved Proposition 203 which replaced existing bilingual laws with a requirement for all classes to be taught in English, except that pupils who are classified as ELL would be educated through an SEI program. The 2000 statute defines an *SEI* as:

An English language acquisition process for young children in which nearly all classroom instruction is in English but with the curriculum and presentation designed for children who are learning the language. Books and instructional materials are in English and all reading, writing, and subject matter are taught in English. Although teachers may use a minimal amount of the child's native language when necessary, no subject matter shall be taught in any language other than English, and children in this program learn to read and write solely in English.

The Arizona Department of Education (ADE) released a cost study in May 2001 that identified per pupil costs in the sampled immersion programs. During a special session in December 2001, the Legislature increased the ELL Group B weight, required an additional cost study to be completed, and provided additional monies for ELL instructional materials (\$1.5 million),

teacher training (\$4.5 million), compensatory education (\$5.5 million) and reclassifying students (\$3 million).

In August 2002, Arizona's Legislative Council selected the National Conference of State Legislatures (NCSL) to conduct the English learner cost study. Two years later, NCSL concluded that ELL student funding should incrementally rise by approximately \$1,400 per ELL pupil.

In January 2005, the Court set the deadline at the end of the 2005 legislative session for the State to comply with the 2000 judgment. In May of 2005, the Legislature passed HB 2718, which was vetoed. In response to plaintiffs' motions for sanctions in December 2005, the judge ordered financial penalties imposed against the State in the form of progressive daily fines until the State complied with the court judgment. In addition, the judge excluded ELL pupils from the Arizona's Instrument to Measure Standards (AIMS) graduation requirement. The Legislature passed HB 2002 in a special session early in 2006 and SB 1198 during the regular session; both were vetoed.

In March 2006, the State was fined \$500,000 per day that the Legislature did not act to fund ELL programs. The fines, totaling \$22 million, were deposited in a fund to be distributed to school districts to support ELL instruction. Ultimately, legislation was sent to the Governor, which she allowed to pass without signature, that ended the daily fines.

Laws 2006, Chapter 4, created an ELL Task Force (Task Force) to conduct a comprehensive search for the law, history, data, research, and existing conditions regarding the education of ELL students. The Task Force was charged with examining varying perspectives of small schools, rural schools, and schools with large and small numbers of ELL students in order to develop research-based models of SEI programs.

In March 2007, the U.S. District Court ruled that the Legislature's attempt to provide for the needs of ELL students fell short of meeting the court order to adequately fund ELL programs. The State was ordered to comply with the judicial order by March 4, 2008.

The Task Force officially adopted SEI models in September 2007. ADE implemented an online SEI budget application process in order to process the applications submitted by the school districts and charter schools. On March 3, 2008, the Superintendent of Public Instruction submitted a funding request to the Legislature, based on the budget applications, totaling approximately \$40,653,833.

**Provisions of the proposed strike-everything**

- Appropriates \$40,653,833.30 in FY 2008-09 to the Arizona SEI Fund for ELL instruction pursuant to the research based models adopted by the Arizona ELL task force in the following manner:
  - Transfers the remaining \$14,300,000 unexpended and unencumbered balance for ELL weight funding as prescribed in Laws 2007, Chapter 255, Section 29.
  - Transfers the remaining \$6,000,000 unexpended and unencumbered balance of the appropriation made for compensatory instruction by Laws 2007, Chapter 255, Section 29.
  - Appropriates \$20,353,833.30 from the state General Fund.
- Stipulates that monies in the Structured English Immersion Fund shall be apportioned in the same manner as Basic State Aid.
- Exempts the appropriation from lapsing.

# MEMO

HOUSE OF REPRESENTATIVES

April 8, 2008 # 2

Senate has passed amended:

1. HB 2274 BARTO nursing care administrators; disciplinary actions CONCUR/REFUSE

21-8-1-0

FCC Conferees

2. HB 2426 BARNES waste tire collection sites CONCUR/REFUSE

28-1-1-0

FCC Conferees

3. HB 2587 ROBSON extension of credit; identity theft CONCUR/REFUSE

29-0-1-0

FCC Conferees

4. HB 2680 BURGES vehicle equipment; splash guards CONCUR/REFUSE

29-0-1-0

FCC Conferees